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FOR IMMEDIATE RELEASE

NDBF Closes Ericson State Bank, Ericson, Nebraska

February 14, 2020 (Lincoln, Neb.) – The Nebraska Department of Banking and Finance (NDBF) announced that at 4:00 p.m. today it closed Ericson State Bank, Ericson, Nebraska, because it was insolvent. NDBF had been closely monitoring the bank for some time and recently made a demand for a capital injection, which was not met.

NDBF named the Federal Deposit Insurance Corporation (FDIC) as receiver of the bank. The FDIC has entered into a purchase and assumption agreement with Farmers and Merchants Bank, Milford, Nebraska. The transaction includes the assumption of all customer deposits. The sole office of Ericson State Bank, located at 427 Central Avenue, Ericson, Nebraska, will be open for business on Tuesday, February 18, 2020, under the name, Farmers and Merchants Bank. Farmers and Merchants Bank is owned by Country Bank Shares, Inc., Milford, Nebraska.

“The failure of Ericson State Bank resulted primarily from large out-of-territory commercial loan losses and poor management practices which led to a deterioration of the bank’s capital. When the capital was not replenished, the Department was left with no option but to place the insolvent institution in receivership,” said Mark Quandahl, NDBF Director. Quandahl noted that the overwhelming majority of Nebraska banks are in a strong condition.

Ericson State Bank was chartered in 1959, and is a subsidiary of Wheeler County Bancshares, Inc., a one-bank holding company, located in Ericson, Nebraska, owned by Debra Poulsen and Jack Poulsen. As of December 31, 2019, Ericson State Bank had total assets of approximately \$100.9 Million and total deposits of approximately \$95.2 Million.



A copy of a 2019 NDBF regulatory action against the bank can be found at

http://www.nebraska.gov/ndbf/searches/Orders/20190923_EricsonStateBank_ConsentOrder.pdf

The most recent closures of Nebraska state-chartered banks occurred November 4, 2011, when Mid City Bank, Inc., Omaha, Nebraska, was declared insolvent, and February 13, 2009, when NDBF closed Sherman County Bank, Loup City, Nebraska. Mid City Bank, Inc. was purchased by Premier Bank, formerly known as Purdum State Bank, Purdum, Nebraska. Sherman County Bank was purchased by Heritage Bank, headquartered in Wood River, Nebraska. Prior to the Loup City closing, no state-chartered bank had been closed since 1989.

Customers with questions about today's transaction should call the FDIC toll-free at 1-877-367-2717.

Interested parties may also visit the FDIC website:

<https://www.fdic.gov/bank/individual/failed/banklist.html>

Statistical data about the bank may be found at:

https://www7.fdic.gov/idasp/confirmation_outside.asp?inCert1=18265

- Mark Quandahl and Patti Herstein will be available between 4:00 p.m. – 6:00 p.m. CST on Friday, February 14.
- Mark Quandahl will be available on Saturday, February 15, 9:00 a.m. – 4:00 p.m. CST.
- The NDBF main office will be closed for the weekend and the Presidents' Day Holiday on Monday, February 17, and will reopen Tuesday, February 18, from 8:00 a.m. – 5:00 p.m. CST.